Brinton S. Coxe Esq
from S. W

LETTERS

ON THE

SILVER QUESTION

(AS ORIGINALLY PUBLISHED IN THE "*EVENING POST*.")

BY

J. S. MOORE,

AUTHOR OF THE "PARSEE LETTERS."

New York:
RUSSELL BROTHERS, PRINTERS.
17, 19, 21, 23 ROSE STREET.

1877.

LETTERS

ON THE

SILVER QUESTION

(AS ORIGINALLY PUBLISHED IN THE "*EVENING POST*.")

BY

J. S. MOORE,

AUTHOR OF THE "PARSEE LETTERS."

New York:
RUSSELL BROTHERS, PRINTERS,
17, 19, 21, 23 ROSE STREET.
1877.

To the Honorable Senate and House of Representatives of the 44th Congress.

In dedicating the following letters on the silver question to your honorable body, I certainly do not desire to come in antagonism with the full and able report which the Commission on the Currency Question will shortly lay before you.

The silver question, like a huge planet, may even receive light and warmth from a mere satellite. If ten years' application to the statistical and economical questions of this country can authorize an opinion, I most respectfully point out to Congress that the demonetization of silver in 1873 is not one of the causes of the present depression of trade and commerce, nor will the remonatising of silver effectually remove the evil.

The real causes of the present depression of trade and finance are indicated in the following letters, although necessarily treated with brevity. Suffice it to say that while the volume of currency for the last ten years, and at this present moment, in the United States, is perfectly ample to transact twice the amount of the annual business of the country, confidence, on the other hand, has indeed been unnaturally contracted, and timidity and suspicion are the ruling characteristics of the capitalists.

To remove the latter evil, Congress at this juncture holds the key of the situation. A speedy and satisfactory settlement of the all-absorbing political question will, as if by magic, restore a commercial and financial confidence to the cruntry unknown since the war; and if, in addition to this happy consummation, a more liberal impulse were given to the commerce and industry of the United States, by reforming the present unjust and oppressive tariff laws, there is no reason to doubt that prosperity and happiness would once more dawn upon forty-five millions of the most enlightened and industrious people of the world, inhabiting a continent unparalleled, which at no remote period is destined to sustain and give abundance to two hundred millions of the human race.

Most respectfully,

J. S. MOORE.

New York, December, 1876.

THE SILVER QUESTION.

LETTER 1.

SUPPLY AND DEMAND OF SILVER.—GOLD THE MORE STABLE MEASURE FOR COMMODITIES.

To the Editors of the Evening Post.

My attention has been called to a set of inquiries by the Silver Commission which appeared in the *Evening Post* of October 13, and is prefaced as follows:

"The Silver Commission, of which Senator Jones is chairman, have sent to prominent bankers and business men a circular, setting forth the authorization of the commission, and concluding with the following request:

"Your attention is respectfully invited to the fact that, under the first clause of the resolution, it becomes the duty of the commission to inquire into the changes in the relative value of gold and silver, and the effects thereof upon trade, commerce, finance and the productive interests of the country.

"In pursuance of this requirement they desire to submit to you, as a merchant, banker, broker, manufacturer, producer or carrier the following interrogatories, with the request that you will answer them, in writing, and return such answers to the commission, at your earliest convenience."

As I have the misfortune not to be (at present at least) a banker, merchant, broker, manufacturer, producer, or "*even*" a carrier, I could not of course expect to be called upon by the commission for aid in their inquiries; but, as these inquiries appeared in a public journal, I assume that they are now public property, and in answering them I sincerely hope that I will not detract from the dignity of the honorable commission by giving the public in general, and the commission in particular, my views on the subject.*

* It is but fair to state that, since the date of this letter, I have been called before the Commission and fully examined on the silver question.—J. S. M.

Question 1.—To what causes do you attribute the recent changes in the relative value of silver and gold?

Answer.—To the simple cause of supply and demand. India, China and Germany until recently have been the chief purchasers of silver. India has incurred a debt for building railways and irrigating lands which may safely be set down at two hundred million pounds sterling, or one thousand millions of dollars. This debt has been contracted in England, and the interest is guaranteed by the Indian Council in London, and is payable in sterling or gold. The average interest is 5 per centum, and it requires therefore $50,000,000 annually to be found by India to pay Englishmen their interest. Now the way this interest is paid is very simple. The Indian Council in London draw twice a month from thirty to forty lacs of rupees (for the benefit of the Silver Commission I may say that a lac is one hundred thousand rupees), divided among the great cities of Bombay, Calcutta and Madras. In other words, if a merchant or banker in London wants to send a credit to Bombay for a thousand candies of cotton (a candy, by-the-by, is 777 lbs.), and a candy of cotton sells for 150 rupees, he needs of course 150,000 rupees in Bombay. The merchant and banker therefore can go and buy this credit of the India Council in London, which is paid at ten days' or at sight in Bombay in silver rupees. The sovereigns or bank notes received by the Council are applied to pay the interest on the bonds. Now, this drawing by the India Council in London on the revenue in India naturally shuts up an avenue of silver export from the west, to at least 100,000,000 rupees, or $50,000,000 annually. Again, for three years the price of India and China produce has at least been on the average 20 per cent. less in value than formerly; and although there is an immense increase in the quantities of cotton, linseed, saltpetre, jute, hemp, and many other articles exported from India, and even of teas and silks from China, yet it does not take as many silver rupees and silver dollars to purchase these products as formerly.

By-the-by, raw silk has gone up in price, and silver dollars were quoted higher in China than the same weight of silver was quoted in India, thus showing that the demand will cause a rise in silver as well as in potatoes.

Again, another great avenue for the silver demand has not only been shut up for the last two years, but, what is worse, Germany, the country formerly a great customer for silver, has been demonetizing silver, and is selling it freely. £9,000,000 worth of double thalers are in the market now, and some 300,-000,000 thalers are to follow.

In addition to this temporary unexpected supply of silver, a decided increased supply from all the mines of the world has set in, as compared with ten years ago, and the demand being crippled and the supply increasing, as stated above, the price of silver has fallen. This fully accounts for the cause of the recent changes in the relative value of silver to gold.

Question 2.—What percentage or portion of such change do you attribute to a fall in silver, and what portion to a rise in gold?

Answer.—Now, this question is the great hobby of my good friend, Senator Jones; but, really, there is no bonanza in it at all. The plain answer is, Gold is the standard, and is by mutual consent fixed; it has risen in relation to silver simply because silver has fallen. But I will be more explicit in respect to this question by answering the next, which is:

Question 3.—By what process of reasoning or deduction do you arrive at the conclusion given?

Answer.—My process is very simple. Gold is the yard measure, while commodities are the stuffs to be measured. Now, if I measure to-day a piece of cloth and find that it contains fifty yards, and remeasure it to-morrow and find that it only contains forty-nine and one-half yards, and both days' measurements are right, surely it is the cloth that has shrunk one-half yard, and not the yard measure that has increased in length 1 per centum.

But let me come to actual facts. Let me take middling cotton as an example. For the last three to four months the price has not fluctuated more than one-sixteenth of a penny in Liverpool. It may reasonably be taken at a standard price of sixpence per pound. Now, suppose I had one thousand ounces of silver four months ago, and wanted to convert it into cotton in Liverpool, I would have sold my silver at the then price of 54 pence per ounce, and got exactly £225 for it in gold. I could, at sixpence a pound, have bought nine thousand pounds of cotton. Two months later cotton was still sixpence a pound. I had again one

thousand ounces of silver with which to buy cotton. I would have had to sell it for 50 pence an ounce, and would have got £208 6*s.* 8*d.* for it, and I could only have bought 8,333 2-6 pounds of cotton for my one thousand ounces of silver, or 666 pounds less than two months before.

To-day silver sells at 52 pence an ounce, and my 1,000 ounces of silver will bring me 333 pounds more of cotton than it would two months ago, and 333 pounds less than four months ago. Thus there are three distinct fluctations, whereas if I had 100 ounces of standard gold (22 carats) I would have got four months ago, two months ago and to-day, the same price for it, namely, £3 17*s.* 9*d.* an ounce; and, what is still more, I would all the time have bought the same quantity of cotton for it, provided the cotton did not, as in the example given above, fluctuate in price.*

Now, this holds good with every article. If, for instance, cotton had fluctuated in price, that price, being measured by the yard measure or yardstick called gold, would always have given me the fair measure; whereas, if I dealt with the commodity in silver only, it would have fluctuated doubly, namely, the silver and the cotton.

I shall answer the other inquiries in my next letter.

J. S. MOORE.

New York, October 16, 1876.

* As a curious fact, cotton has advanced since the 16th of October to the present day, December 28th, $\frac{3}{4}$ of a penny or $12\frac{1}{2}$ per cent. Silver advanced from 52 pence to $58\frac{1}{2}$, also about $12\frac{1}{2}$ per cent., but during the last twelve days it has fallen to 56 pence. Now, if cotton had been paid for in silver twelve days ago, and resold now for silver, notwithstanding that there was actually a rise of $12\frac{1}{2}$ per cent. in cotton, the speculator would lose $2\frac{1}{2}$ per cent. on the transaction.

LETTER 2.

CONDITION OF TRADE AND COMMERCE IN THE UNITED STATES.—CAUSE FOR THE DEPRESSION.—FATAL FINANCIAL POLICY OF MR. BOUTWELL, WHO MIGHT EASILY HAVE RESTORED SPECIE PAYMENT. —PERNICIOUS EFFECT OF THE TARIFF.

To the Editors of the Evening Post.

The fourth question the Silver Commission are anxious to have answered is:

Question 4.—What is the present general condition throughout the country of the trade, commercial or financial calling, or productive industry, in which you are engaged?

Answer.—Although not engaged in any trade, it has been my vocation to collect statistics and facts on commerce and trade. From these I gather that the general condition of trade, commercial and financial, throughout the country, is very unsatisfactory. It is, however, noticeable that a somewhat better feeling has set in since the early part of September, and in a short sentence it may be said that a revival of trade has been, since the 1st of September, on trial. But no verdict can be given for two or three months, at least.

Question 5.—If possible, give some statistics showing the condition of such industry compared with its condition at other periods?

Answer.—I am sorry to give the honorable Commission the most startling of all statistics bearing on the subject, namely: The number of business failures for the third quarter of 1876 was 2,450, with liabilities reaching $47,857,371, against 1,794 for the second quarter, with liabilities footing up $43,771,273. That is, the number of failures was 656 more in the third than in the second quarter, and the liabilities were more than four millions greater. These unfortunate figures speak more forcibly than any comparative statement possibly can, as it must be obvious that a country must have suffered deeply which wipes

out of existence some 10,000 traders annually, with liabilities from $190,000,000 to $200,000,000.

Question 6.—If a depression exists, to what cause or causes do you attribute it?

Answer.—I attribute the depression of commerce, finance and trade in the United States to the following causes:

First, To recklessness in trade, extravagance in the habit of expenditures, in every walk of life.

Second, To an irredeemable, fluctuating currency.

Third, To the impolitic tariff and unnecessarily high taxation and to stagnation of trade all over the world.

I will treat these three causes categorically:

First—reckless trade and extravagance. When the war ceased in 1865–66 one portion of the Union—the South—undoubtedly was substantially ruined, while the North and Northwest were inflatingly rich. A sudden wealth of $2,500.000,000 was conjured up by the war, called the public debt, and irredeemable currency. Unwholesome as this mountain of debt was and is, it is, nevertheless, wealth, and he who held bonds and greenbacks was rich. Now, there is no denying the fact that the high prices that prevailed during the war and up to 1873, the immense profits made by all classes engaged in industry, and the very nature of the currency in which the people dealt inflated the price of real estate as well as of broomsticks. It inflated the price of luxuries as well as of necessaries. The general household expenditure of the mechanic rose from $300 a year to $500 or $600. That of people in a higher position of life from $1,000 or $2,000 a year to $5,000 and $10,000. The whole country lived in a state of saturnalia. Every house that was built from 1868 to 1873, every manufactory erected and found in machinery, every steamboat and every mile of railroad was built by inflated prices, and cost 50 per centum on the average more than in sober times it would have cost. When you build a house which costs $50,000 and have to pay 7 per centum for a mortgage, you cannot afford to let it for less than $5,000. But inasmuch as that $50,000 house was at least $20,-000 or $25,000 inflated in price, and is in reality only worth $25,000, it is literally impossible to get $5,000 rent for it, as there are other houses alongside of it which have been

bought for or cost only $25,000, and are let for $2,000 a year.

Now the man who during the national saturnalia built his house for $50,000 and got a mortgage on it for $30,000 finds two things: first, that the mortgagee wants his money or more margin, or forecloses; and secondly, that the rent of the house does not pay the interest and taxes. Thus the price collapses and the wealthy real estate owner becomes bankrupt.

Again, let us take the great railway interest since the war. Up to 1873 there were a leagued brotherhood of benevolent railroad projectors. Of course, it was all in the interest of developing the country. But facts are facts. All that was necessary was a paternal land grant from Congress; the rest speedily followed. Financial agents blew the soap bubble not only in Europe but at home. Bonds in the most charming colors (by-the-by, they all have, however, a green foundation color) were printed and sold, and the general division of these schemes was: For manipulating, blowing bubbles, etc., 40 per centum; for sundry divisions in bonds and shares where they did the most good, 20 per centum; for labor, 20 per centum; and for material, 20 per centum. Now in such a state of things surely nothing but speedy disaster could follow.

In 1873 there must have been two hundred thousand laborers employed in the United States in building these bogus railroads. Their pay and engagement depended entirely on the sale of green colored bonds in Europe and at home. Suddenly the bond buyers refused to have anything more green thrust in their eyes, and the collapse came, involving in ruin and distress not only the very numerous class of investors in the United States and Europe, but throwing an immense number of people out of employ, and them and their families into suffering.

Well then, ever since the panic of September, 1873, the country has been in a state of transition; it has been struggling hard to become sober again, to find that high wages, if everything else is high, are much worse than low wages when everything else is cheap. The moneyed classes are, in my opinion, needlessly blamed for not having confidence. The fact is, there is not a moneyed centre or moneyed man that has not still a skeleton in the cupboard grinning at him ever since

September, 1873. This is one reason or cause for the depression.

Second—The irredeemable and fluctuating currency. The visible cost of the luxury of having an irredeemable currency is about 70 to 80 millions of dollars annually. That is to say, our imports and duties being paid in gold, and our earnings paid in paper, we have to raise from 70 to 80 millions of dollars annually in excess in paper to pay for our imports. But that is only the visible part of it. The invisible part is that these 80 millions of dollars premium on gold at least double or perhaps treble themselves before they reach the consumer. Thus the people have one of the two silent diseases gnawing in their bones, which compels them to raise $200,000,000 annually for the luxury of an irredeemable currency. This silent disease, this national curse, might easily have been now, at least for three years, a thing of the past, had not the unfortunate financial policy of Mr. Boutwell prevailed, who reversed the order of the universe (if I may use the simile) by trying to move the sun round the world instead of the world round the sun. Mr. Boutwell's four years as Secretary of the Treasury were the most successful financial years this country ever saw. He collected during the four fiscal years, 1870 to 1873 inclusive, $1,457,262,839 net ordinary revenue exclusive of $45,000,000 of premium on gold. When he entered office in 1869 the expenditure for the fiscal year, extravagant as it was under Mr. Johnson's administration, was as follows:

Net ordinary expenditure	$190,496,354
Interest on the debt	130,694,242
Total	$321,190,596

The following year, namely, 1870, Mr. Boutwell found the expenditures reduced very greatly to

Net ordinary expenditures	$164,421,507
Interest on the debt	129,235,498
Total	$293,657,005

a saving of $27,500,000.

Of this amount about 1½ millions was the saving on interest.

Now, this clearly shows that President Grant's administration could rule the country, leaving the saving of interest out, for about 294 millions of dollars annually, which, in four years, amounts to 1,176 millions of dollars. The receipts for the four years having been 1,457 millions there was a surplus of 281 millions of dollars, beside some 80 millions of dollars surplus in the treasury when Mr. Boutwell entered office.

Now, can the crudest financial tyro or the shrewdest financial genius doubt that with such a surplus it would have been in the least difficult to bring the country to specie payments, when the whole irredeemable currency outstanding was only $356,000,000? But Mr. Boutwell, in the most orthodox fashion, tried to move that immense financial sum of bonded indebtedness—amounting to more than $2,000,000,000—around the insignificant planet of $356,000,000 in greenbacks, arguing that by paying off your debt you will be able not only to fund the bonds cheaper, but to bring about specie payments. Events, strangely enough, prove that when Mr. Boutwell was paying off the debt at the rate of $100,000,000 a year, he had difficulty in funding at 5 per centum, whereas, when the payment of the debt has not only ceased, but there is a strong aversion to it, the present secretary is overwhelmed with offers to fund at 4½ per centum. But the opportunity was lost, and the honorable Senator alone is responsible for the present existence of an irredeemable currency, as well as for the additional burden of at least $200,000,000 annually to be raised by the people on account of an unredeemable currency, which is another cause of the present depression in trade.

Third—The impolitic tariff and unnecessarily high taxation and stagnation of trade everywhere. The present tariff is such an expensive luxury that the burden of an irredeemable currency is only a fleabite to it. If the production of manufactures of this country is estimated at only $4,000,000,000 annually, the tariff, on the average, enhances the cost of that production at least 15 per centum, or $600,000,000, the treasury barely receiving $150,000,000 revenue from the tariff. But enormous as this burden is, there is another phase to the silent disease called protection ; it prevents the industry of the country from having customers abroad. That is to say, in the four thousand millions of dollars' worth of products neither cotton, breadstuffs, nor gold

and silver are included. It consists of manufactured articles. Of these the country does not export more than $80,000,000 to $85,000,000 annually, or about two per centum of its production; and, as there is naturally at least 10 per centum more manufactured in a country than is there needed or used, it follows that there is a surplus of $320,000,000 accumulating annually in the manufactories, which, in the course of four or five years, is alone a sufficient cause for bankrupting half the industries of the land—a result which as surely and naturally has now followed this selfish policy as the law of gravitation.

It must, however, in all justice be added that, with the single exception of France, the commercial world in general has been suffering more or less from an utter prostration of trade; and this subject I shall treat more fully in my next letter, when I answer the three last inquiries of the Commission.

J. S. MOORE.

New York, October 17, 1876.

LETTER 3.

DEPRESSION OF TRADE IN THE U. S. IN SPITE OF INCREASED EXPORT TRADE.—CAUSE OF DEPRESSION IN ENGLAND AND GERMANY.—WHY FRANCE IS THE ONLY EXCEPTION.

To the Editors af the Evening Post.

Resuming my answers to the inquiries made by the Silver Commission, I now come to

Question 7.—Is such depression due in part to a similar depression in some other country or countries, or to a general depression throughout the commercial world? In other words, is it local or general?

Answer.—The depression of trade since 1873 in the United States is undoubtedly in sympathy with the general depression (except in France) abroad. Yet statistical facts strangely tend to show that if the prosperity of the United States depends upon exports only we really ought not to have suffered.

Our total exports during the last three years since the panic were:

1874, value of exports	$693,148,054
1875, " "	643,094,767
1876, " "	644,956,406
Total in three years	$1,981,199,227

As compared with the exports of the three years of 1871-3 inclusive:

1871, value of exports	$562,518,651
1872, " "	549,219,718
1873, " "	649,132,563
	*$1,760,870,932

Thus it will be seen that during the last three years since the panic we have exported in value actually $220,000,000 more than during the three years of great prosperity from 1871–3 inclusive. And yet the country has undoubtedly suffered very severely. The sympathy, however, that this country feels in the general depression in Europe must be ascribed to the want of confidence, or inability of the European money centres to furnish money for the immense enterprises and undertakings which were so vigorously pushed in the United States from the cessation of the war until the fall of 1873. It was a collapse, as far as this country is concerned, which began with the failure of the Northern Pacific Railroad and its hundreds of kindred enterprises, thus suddenly depriving a multitude of people of employment who drew their supplies chiefly from our local industries. This, of course, threw an immense amount of not only surplus labor on the market, which did not need it, but it also accumulated unsaleable surplus stocks of manufactures, which caused hundreds of thousands to go idle and reduced the wages of those employed.

As a statistical fact I will show the reduction of wages from 1870 in New York City alone:

* Our chief exports are of coarse cotton, breadstuffs, petroleum, tobacco and precious metals.

	Wages, 1870, Per Week.	Wages, 1876, Per Week.
Bricklayers	$27 to $30	$21 to $24
Brickmakers	21 to 24	18 to 21
Shoemakers	9 to 12	8 to 10
Carpenters	21 to 27	18 to 21
Cabinet makers	18 to 20	15 to 18
Dry goods clerks	15 to 18	10 to 15
Cigar makers	15 to 20	12 to 15
Engineers	18 to 30	15 to 24
Plumbers	18 to 21	15 to 18
Piano finishers	20 to 30	15 to 20
Longshoremen	15 to 21	12 to 18

And there is the same ratio of reduced wages in every branch of trade. Now, the whole wages paid in 1870 in manufacturing industries alone were $775,584,343. These wages have shrunk in 1876 at least twenty per centum, or one fifth. It naturally follows that the mechanics had about $155,000,000 less money to spend for necessaries or luxuries of life, as the case may be, in 1876 than in 1870. But, if we add to this calamity that at least twenty per centum of the working classes were entirely unemployed in 1876, we find that the trade of the country has been crippled at least $300,000,000 from the reduction of wages and unemployed labor. This alone would be a sufficient cause for the local distress; and, if you add to this that, with lower wages and an unemployed multitude, all commodities naturally came down in price, the immense stocks of goods of all kinds on hand shrunk in value to a degree that crippled their holders or owners, we can fully account for the vast amount of distressing failures all over the land.

Question 8.—If the latter, to what causes of world-wide or international application do you attribute such depression?

Answer.—This question, more lucidly translated, means: "To what cause is the general depression of trade all over the world attributable?" The distress in England is owing to a great falling off of exports. The great demand in Russia, India, the United States, Peru and other countries for railway material alone has fallen off immensely since 1873, and these great enterprises of building railways having partially ceased, there is

also a less demand for fabrics and other articles which a prosperous, employed people will use.

Let us look, for example, at the export of railway iron and steel from England to the United States in 1873 and 1876 respectively:

1873—Railroad iron shipped to the United States..	$10,541,036
1873—Railroad steel	9,199,666
Total in 1873	$19,740,702

Now turn to 1876:

1876—Railroad iron shipped to the United States..	$6,738
1876—Railroad steel	2,863,027
Total in 1876	$2,869,765

Here is a falling off of nearly $17,000,000.

But still more astounding is the falling off of the English exports to the United States alone in 1875 as compared with 1872.

In 1872 the exports from England and Wales alone to the United States were $234,496,955. In 1875 the exports from England and Wales to the United States were $144,195,531, a falling off of more than $90,000,000. Now, Russia has ceased to buy railroad materials, and England, having first furnished money to Peru, and to some of the other South American republics, and then for a year or two having furnished them with goods, has all at once lost her money and her trade. Again, India, that great customer of England, has had for the last two years to pause in her onward course of improvement of all kinds, and the distress is naturally felt in England. It should not be forgotten that England, being and having been for half a century the workshop of the world, naturally finds a stoppage of orders for goods immediately distressing. Nor should it be lightly considered that in one year the English investors (and, unfortunately, they are a numerous class) in Turkish, Egyptian, Peruvian, and other South American state securities, have lost in the shrinkage of the stocks and bonds not less than the French paid to the Germans in indemnity, or at least $1,000,000,000. A loss of that kind will and must make itself felt.

The depression in Germany is now owing entirely to the sat-

urnalia of prosperity that followed the Franco-German war. Extravagantly as prices were inflated in the United States after the war, or wild as bubble speculations have been, they compare favorably with the wilder speculative mania in Germany after the cessation of the French war. Real estate in Berlin rose two and three hundred per centum. There was not a town or village of two thousand inhabitants that did not have a project for a factory, railroad, discount bank, or a dozen other wild projects. From 1871 to about April, 1873, the whole of Germany seems to have gone wild. It was the old story of the railway mania in England in 1845–6 over again. The titled magnate in Germany in 1872 leagued together with the upstart "Gründer," or projector, to establish a strumpfenband, or garter factory, in Posemunkel, capital five hundred thousand thalers; or a railroad of one hundred miles from points where there is no traffic, capital ten million thalers; or a bathing establishment, capital two hundred thousand thalers. As for companies and private parties to build houses in large and small cities, their projected capital might have been counted by hundreds of millions.

All this wild delirium went on swimmingly until one fine morning a sickly, black-eyed little man, with an immense head on his shoulders and a lion's courage in his heart, got up in the Prussian Chambers and denounced the whole schemes as swindles and corruption, and demanded an investigating committee. This was the famous Herr Lasker. The committee had to be granted, and it was scarcely two weeks in session when the whole mighty schemes collapsed like a pricked balloon. Then came all sorts of woe. Men who had bought houses and lands on margins were ruined; hundreds of millions' worth of projects which had been undertaken—some useful and others useless—were alike swept away, and ruin was everywhere, because in their delirium people had lived for two years beyond their means, and especially as rents, clothing, necessaries and luxuries were inflated to the highest degree.

To show to what an extent the speculative mania in Germany raged I append the following statistics, just published:

[From Purdy's City Life, London, 1876.]

JOINT STOCK COMPANIES IN GERMANY.

Companies created in 1872.

	Value 1872.	Value 1875.
Mines, iron and salt works	£36,390,000	£12,296,000
Stone and mineral industries	1,095,000	240,000
Metal works	788,000	216,000
Machinery and apparatus	6,834,000	2,733,000
Chemical works	1,180,000	250,000
Light and heating	279,000	147,000
Textile industries	2,495,000	1,071,000
Paper and leather	731,000	277,000
Wood and carving	251,000	82,000
Food and refreshments	3,098,000	1,674,000
Clothing	63,000	11,000
Building	8,514,000	2,147,000
General trade	789,000	461,000
Art dealing	71,000	3,000
Commercial	1,316,000	797,000
Various	723,000	120,000
Bank credit	65,313,000	36,071,000
Railway ordinary shares	87,909,000	57,975,000
Railway preference	13,771,000	8,230,000
	£231,670,000	£124,801,000

A loss or shrinkage of over £106,000,000, or more than half the indemnity.

France escaped the calamity of a depression, because after the disastrous war she set to work to recuperate and save. No wild schemes, no overstocking of goods or manufactures was allowed to lure a people sobered by misfortune. France, too, is the most thrifty nation in the world. The idea of Micawber, that earning £20 a year, and spending £19 19*s.* is happiness, prosperity and bliss, while earning £20 and spending £21 is misery, ruin and distress, is a truly French proverb so well told by Mr. Dickens. Frenchmen save. The Anglo-Saxon race, as a rule, spend more than they earn. France, therefore, is now enjoying prosperty earned by her prudence, economy and indefatigable industry. Long may she enjoy it, as she is well deserving of it. And every political economist must yield in admiration to her as the brightest example in trade and commerce in this century.

The ninth request by the commission which is:

"9. Please furnish the Commission with any other information bearing on the above subjects which you possess and desire to communicate?"

I shall, with much pleasure, treat in some subsequent articles.

And now may I be allowed to ask the honorable Commission one question? It is this: What in the name of Bramah, Vishnu and Siva, have the questions of the Commission numbered 4, 5, 6, 7 and 8 to do with the silver question? This side of the Rocky Mountains upon the forty millions of people who have dealt for the last fifteen years in rag money, and who still deal in it—to whom a silver coin until lately was the greatest novelty—the fall of the rupee in Bombay from 2*s.* to 1*s.* 8*d.*, the dollar in Hong Kong from 4*s.* 3*d.* to 3*s.* 4*d.*, and the tael in Shanghai from 6*s.* 3*d.* to 5*s.*, has had as much influence as the small pox in Kamschatka has had upon the diphtheria in New York.

I was and am naturally glad to answer such questions, because they are in the line of political economy. But it is scarcely fair to try to connect the present depressed state of this country with the fall in silver, when in fact, always excepting the western slopes of the Rocky Mountains, this country has not dealt in it or come in contact with it commercially or industrially as a medium of money for now more than fifteen years. If the Commission want to have the opinion of those capable of forming it on the subject, whether silver should be monetized, or whether there should be a single or double standard, or whether such a change would benefit the country, why not ask it in a bold way?

The silver question must be met boldly and squarely. The good Senator Bogy, for instance, should remember that he cannot treat the question as Don Quixote did his second pasteboard helmet, that is, not strike it too hard with his lance for fear of breaking it again; but as the ninth request of the Commission is a *carte blanche* to ventilate one's ideas for their benefit, I shall certainly give my views on the silver and gold question, I hope lucidly, certainly, fearlessly.

J. S. MOORE.

New York, October 17, 1876.

LETTER 4.

IMPRACTICABILITY TO ESTABLISH THE RELATIVE VALUE OF SILVER AND GOLD BY AN ACT OF CONGRESS.—THE SINGLE GOLD STANDARD IN ENGLAND.—OBJECTIONS TO A SINGLE GOLD STANDARD IN THE UNITED STATES.

To the Editors of the Evening Post.

The ninth request of the Silver Commission reads:

"Please furnish the Commission with any other information bearing on the above subjects which you possess and desire to communicate."

In order to comply with this request in something like regular order, it is first of all necessary to look into the Act of Congress of the 15th of August, 1876, which creates the Commission and charged it to inquire into sundry specific questions. Now the second resolution in the act reads:

"[Inquire] into the policy of the restoration of the double standard in this country; and, if restored, what the legal relation between the two coins (metals), silver and gold, should be."

To establish a legal relative value between the two coins, silver and gold, either by a commission or by an Act of Congress, must, indeed, prove a hopeless task. How can such a relative value be established when all the world have agreed upon the actual value of an ounce or pound of gold, and when the other metal—silver—is almost daily, certainly weekly (of late), fluctuating in price? Suppose an Act of Congress solemnly declares that the relative value of silver to gold is sixteen ounces silver to one ounce of gold, who ever would heed such an act? If I could get eighteen ounces of silver for my one ounce of gold in England, would not there be thousands of brokers who would gladly give seventeen and a half ounces of silver in New York for my ounce of gold, and get rich by a multitude of such operations?

Such an act would be as much of a fiction as was the act that established the legal value of an American paper dollar bill to be the same as that of an American hard metallic dollar. Who cared for the act? Has the country been able, during fifteen years, to exchange these solemn American legal paper dollars for silver or gold, when silver was equal to 15½ to one in gold?

Gold and silver money is, after all, only gold and silver metal. If we reduce the present half eagle in weight it will be worth less than a sovereign. Now it is worth about fifteen cents more than a sovereign. While our silver dollar, weighing 412½ grains fine silver, will be worth 46—78 pence, provided silver sells at 54 pence an ounce, and only 43—4 pence if silver sells at 50 pence an ounce. Hence a gold metal dollar can only vary here or in Europe when either its weight or fineness is reduced, while the silver dollar, with its standard fineness and standard weight, is subject to the vicissitudes of supply and demand in the great marts of the world.

It is, therefore, obvious that such a task—namely, for Congress to enact a law to establish the relative value between the two coins or metals—is hopeless. Far different, however, is the proposed inquiry into the policy of restoring the double standard in this country. Such an inquiry demands the most serious consideration.

In the first place, it should seriously be considered whether there is really a metallic standard of money in the United States at present. If a gold eagle is a standard ten dollar piece, why did I pay for it $10.90 in greenbacks on the 12th of September, $11.20 on the 18th of September and $11.10 greenbacks for it on the 19th of September? Is gold coin, therefore, at present in the United States not as much a merchandise as cotton and wheat, and are greenbacks, after all, not the standard money of the law?

In California gold is the standard, and see how the dealing is reversed. A trade dollar was worth ninety cents in July last; it is worth ninety-four cents, I believe, to-day. A greenback was worth ninety-one cents on the 12th of September, and eighty-eight and one half cents on the 19th of September. Wherever gold is the standard in this country, all other money is a

merchandise, and is measured by that standard. We must, therefore, conclude that east of the Rocky Mountains the only standard for money is the paper dollar; and, as that unfortunate standard is erratic, the wisest conclusion is so reduce it to something that is everywhere non-fluctuating, or get rid of it entirely, and establish, if possible, something in its stead, as a sound non-fluctuating currency. But the very fact of not having a *de facto* metallic standard east of the Rocky Mountains is certainly in our favor of choosing a true and sound one.

In considering the question of a precious metal by single standard or double standard for the United States, all considerations of convenience or inconvenience to foreign countries ought to be set aside. The main object in hand is what will best suit the trade, commerce and industry of this country; and I think it by far a wiser policy to induce foreign nations to accommodate themselves to our convenience than for us to be compelled to accommodate ourselves to their convenience, and the influence of the single gold standard in England and Germany, or the dubious double standard of the Latin races in Europe, should have no serious weight in our choice.

Let us now consider the single gold standard.

England has now had this single gold standard for half a century. Notwithstanding all that has been said against it, it has proved a success, because it has established a fixed, unalterable measure for all other merchandise. It is owing to this great fact that the Russian merchant in New York who has to remit fifty thousand rubles to St. Petersburgh buys sterling exchange in New York on London; or the Spanish merchant in New York remits sterling exchange to Cadiz. Now, with both these transactions—I mean in shipping the cargo from Cronstadt or Cadiz or selling it in New York—England had nothing to do, and yet we find that the final settlement is made in sterling money, and the operation is mathematically correct. Sterling exchange means gold, and as gold is the most unchangeable money metal in the world, the countries which have a silver standard, or even a double standard, will get most truly and surely the full value by its use. As an evidence of this fact, I may mention that I have been credibly informed that before Germany had a gold standard most of the remittances from New

York to Germany were made in sterling, and that since the gold standard was established in Germany an immense increase in direct remittances to Germany in Reichsmarks has taken place.

Again, it should be remembered that the great multitude of people in Great Britain are proverbially poor in respect to carrying or holding money. If a national loan of so great a magnitude as £100,000,000 were to depend for success in England on being placed among the multitude in small sums of £5 or £10, it would prove a miserable failure; while in France it has proved a perfect success, simply because the people there are not only thrifty, but also singularly addicted to having metallic wealth in money in their possession. This great fact that the people in England do not hold much money, even in small sums, is, of course, greatly in favor of a smaller circulation. Hence we see the strangest of all anomalies, that Great Britain is able to do a foreign trade of exports and imports amounting to some $2,200,-000,000 and all her own internal trading, besides being the bankers of the whole world, with the most insignificant volume of money, which at the highest does not amount to more than $600,000,000.

It has been urged that the several panics in England were, if not brought about, at least sharpened by the fact that she uses the single gold standard, and as a proof it was shown that in 1857 and 1866, when a large amount of gold was withdrawn from the Bank of England, the panic came, and that it was stopped simply by the several acts promptly made in council to allow the Bank to manufacture paper money without the equivalent gold in its vaults.

Well, then, suppose that there had been a double standard in England at such a period: would not the silver as well as the gold have flown out? If the merchants of London in 1866 had had silver, they could easily have got gold for it from the Continent. Or, on the other hand, if silver had been money in England, and there had been a demand for it on the Continent, as in those days there always was, how long would silver have remained in England? The gold went away from England in 1866 because other nations called for it, and lawfully were entitled to it. Surely they would have taken silver as well, and in 1857 and 1866 they would have taken it in preference.

The fact is, these panics were the result of want of confidence in everything and everybody, and the act allowing the banks to manufacture currency without an equivalent in coin was an endorsement by Parliament or the government which resulted in renewed confidence; and it is a singular fact that in 1866 not a single £5 note created by virtue of the act of Parliament was used. As soon as the moneyed people saw or believed that the government was going to see the crisis through, they concluded to see it through themselves. I therefore maintain that it would be a delusion to charge the panics in England to the single gold standard.

There is not the least danger of England changing her present gold standard, because a trial of fifty years has proven that it suits her immense trade, above all her gigantic financial and exchange operations, and is by no means an inconvenience to her population, ninety per centum of whom scarcely have, on the average, five shillings *per capita* in their pockets in coin.

But how would a single gold standard work with us? In the first place, we ought to make up our minds what the necessary volume of our circulation should be. If, for instance, we agree that the present volume is not too large—namely, say, $750,000,000 in paper and $50,000,000 in silver of subsidiary coin—it would require at least sixty per centum of gold to maintain such a volume—I mean sixty per centum on the $750,000,000 of redeemable paper money, which is $450,000,000 gold.

In the second place, we have to consider how to get this amount of gold; and in the third place, if we do have it will we be able to retain it? Suppose that the $750,000,000 of circulating paper money rests on $450,000,000 gold, a withdrawal or rather an export of fifty million dollars in gold eagles would immediately necessitate a withdrawal of $83,000,000 in the redeemable paper circulation.

Of course the movements of gold will be subject, as they always are, to the laws of trade. And I am by no means prepared to say whether or not a withdrowal of gold would be a misfortune or would lead to embarrassments; all that I desire to point out and discuss are probable results from which conclusions may be drawn.

Again, the American people, unlike those in England, have

the habit not only of carrying but of putting daily more money in circulation than any other forty-five millions of people in the world. They are the greatest inland travelling people on the earth; and, as distances are naturally greater here than in any other civilized country, it naturally follows that more money for circulation is needed here than elsewhere. And I candidly think that the same volume of money *per capita* which is found sufficient in England would not be sufficient in the United States. And I further unhesitatingly come to the conclusion that a single gold standard necessarily limits the circulating volume of money.

I simply point out these facts. If the objectionable points I have made can be reasonably overcome, there can be no doubt but that a single gold standard with a subsidiary silver coinage as an auxiliary is the best, the truest, and in the end, the cheapest circulating medium a country can have. But I am unwilling and, indeed, unable satisfactorily to maintain that a single gold standard is the most suitable circulating medium for the commerce, trade and industry of the United States.

I shall consider not only the double standard, but also the single silver standard in my future articles.

J. S. MOORE.

New York, October 13, 1876.

LETTER 5.

A DOUBLE STANDARD IN THE U. S. CONSIDERED.

To the Editors of the Evening Post.

I may safely conclude from what has been already said in my former letters, and from the far more able and interesting researches and deductions made by eminent men here as well as abroad, that to establish by law a relative fixed value between the metals (silver and gold) is perfectly hopeless. I shall, therefore, take the liberty of considering the double standard.

A double standard means, and must mean, two distinct values of the two metals. It is often argued that France and the Latin Convention having adopted a double standard and made silver a

legal tender the arrangement works satisfactorily in those countries.

But what are the actual facts? Let the following statistics, taken from a paper read at the American Association in Detroit, in 1875, by my friend E. B. Elliott, of Washington, explain the situation in those countries where silver is a legal tender. Mr. Elliott said:

"France, jointly with Switzerland, Italy and Belgium, adopted in part the subsidiary principle at their Quadripartite Convention, held in 1865, silver coins of lower denomination than five francs being reduced in fineness, the weight remaining unchanged, and limited as legal tender to sums not exceeding fifty francs. But the silver five-franc piece, like the United States silver dollar, was still permitted to remain a legal tender for all amounts. Unlike the United States, however, these countries did suffer inconvenience from the change, the mint ratio assumed being fifteen and one half to one, while the market ratio fluctuated above and below that point. From the year 1852 to about the year 1870 the fluctuating market ratio averaged fifteen and three eighths to one, and gold circulated to the exclusion of the legal tender silver. Since then the market ratio has risen to a point above the mint standard, and given a tendency to silver to circulate to the exclusion of gold, which latter has now become relatively the dearer. This tendency the government, represented in the Quadripartite Convention, have partly counteracted by retiring the legal tender silver and diminishing the amount of its coinage."

The reason why the lower price of silver at present does not embarrass the countries mentioned above is owing, therefore, to the fact that the mints take care not to inundate the country with five franc pieces, as the Quadripartite were only allowed to coin silver, legal tenders for the years 1874 and 1875 respectively, in the following proportions:

France	60,000,000	francs.
Belgium	12,000,000	"
Italy	60,000,000	"
Switzerland	8,000,000	"
Total	140,000,000	"

or about $28,000,000.

Suppose we had a strictly gold standard at this present date,

and only $40,000,000 of subsidiary silver coinage in circulation, Congress could with all safety make the subsidiary silver coin a legal tender for all sums, as it would soon be found that subsidiary coin if used as a legal tender would become so scarce that it would be equal to or even command a premium on gold. And that is precisely the relation of the French silver five-franc piece to gold. The coinage of five-franc pieces, says my friend Elliott, has been diminished, and we see the Quadripartite Convention has taken good care not to cause confusion to trade and exchanges by coining an unlimited amount of silver.

If, therefore, a double standard in this country should have the same meaning as it has in France, all we have to do is to limit the silver coinage to an insignificant amount. But that is exactly what the advocates of a double standard wish to guard against. Plenty of money is the cry, an unlimited supply of silver coin is demanded, and in order to do that there must be *two distinct separate standards*, one of gold, which will be stationary in value here as well as in London, St. Petersburg or Australia, and the other is silver, which must take its chance of fluctuation as compared with gold; perhaps in a lesser degree, but certainly a fluctuation the same as our present irredeemable paper money does..

Now comes the question, How would such a double standard suit our commerce and industry?

If at the present time the United States were entirely free from public debt, I honestly and sincerely believe that a single silver standard of a dollar, weighing $412\frac{1}{2}$ grains, would be our best and wisest policy. Our very great demand for silver would give this metal a substantial value and not make it liable to violent fluctuations. We should, beside, be less liable to monetary drains when England or Europe is in financial difficulty. Nor do I see how a purely silver currency could much derange our exchanges, inasmuch as statistics show that the balance of trade of late years has been in our favor. But a single silver standard is at present out of the question, because our solemn obligations require us to provide about $100,000,000 in gold for interest on the public debt, beside an enormous amount of gold for State, municipal and corporation bonds, the interest of which, in many cases, is made payable in gold. The political econo-

mist has no choice. Science teaches that it is not only wise to pay obligations but to pay them in that coin which is acknowledged as the best standard of the world. And of this fact the present funding of the public debt gives the best proof. If any doubt of the payment of interest in gold should exist, Europe would certainly not take our $4\frac{1}{2}$ per centum bonds at par, and beside this saving of actual interest the great moral effect is of more value to the United States than the whole debt itself, interest included. That we must have a gold standard, whatever other standard we may choose beside, is in my humble opinion at present a moral necessity.

And now let us consider what would follow, if in addition to this gold standard of money we should add a silver currency.

A silver currency to be legal tender for all amounts simply means the replacement of the present paper money by silver. (I shall reserve the question of redeeming greenbacks in silver for another occasion.) What I mean is this: the present paper money having ceased to exist, we would have to found a paper currency on a pure and simple silver basis to take its place. Suppose we agree that $412\frac{1}{2}$ grains fine silver shall be the current dollar for all our internal trade and traffic, the same as our greenback dollar is the current dollar for all our home traffic. In order to do this we would require, first, at least $500,000,000 of silver, on which to found a $750,000,000 or $800,000,000 paper circulation. Second, it would be necessary to have a reasonable assurance that we could retain the silver in the country.

I don't know whether my opinion will be sustained, but I do believe that, first, it would be easier to get $500,000,000, or even $600,000,000, into the country in silver than $350,000,000, or even $250,000,000, in gold; and second, we would most decidedly be able to hold and retain silver longer than we could gold. As for the inconvenience due to the bulky nature of the metal, it should be borne in mind that the metal itself would not circulate, but the convenient redeemable paper which represents the metal.

But there is another, and in all respects the most serious question to be considered, namely, Will this silver currency fluctuate? Will we by such a currency, which is to regulate our irredeem-

able paper money, better our financial condition by making it more stable?

I think we would better it to a great degree, although we could not prevent a fluctuation. Yet it needs no prophet to foretell that the fluctuation would on the average be for the better. What I mean is that the $412\frac{1}{2}$-grain dollar would not fall below its intrinsic value computed in gold from the day that it was issued, but would appreciate and in a short time rise to the actual value of the gold dollar; and thus trade, or the law of supply and demand, would solve the difficult question of the relative value of silver to gold which no Act of Congress could accomplish. It must also be obvious that if silver money reaches a par with gold, and thus the two metals become *de facto* of unchangeable relative value, there will be needed less gold or less silver, or indeed less of both, inasmuch as each metal will do the service that is required of both when the relative value fluctuates.

Then follows another question: How will the trade of the country be affected with these two distinct standards, one in silver and another in gold?

It may be safely assumed that, by establishing the two distinct standards of gold and silver, trade, industry and exchanges would be less violently agitated than if a single standard only, either of gold or silver, were adopted. At this present moment we deal daily in two distinct standards of money. The whole immense internal trade and traffic is transacted in the irredeemable paper money, while a vast amount of merchandise is bought and sold in gold, only with this difference, that the transactions in gold are entirely of a wholesale nature, while those in irredeemable paper are both of a wholesale and retail character. For instance, there are cargoes of sugar, coffee, hides, tea, lead, tin and hundreds of other articles imported and sold in gold by importers to wholesale dealers and jobbers for which not only gold payments pass, but notes payable in gold are made out. The foreign freight that is brought to the United States is made payable in gold, or in general in sterling money, which means gold, of course. But as soon as the goods pass out of the hands of the importer, who sells them in gold into the hands of the jobber, the gold price is converted into irredeemable paper value,

and they are resold to dealers and consumers for paper. And this is one of the melancholy features of an irredeemable currency, inasmuch as the dealer or jobber who has paid for his goods in gold, and has to sell them for paper, naturally becomes a gambler in gold, and will always allow himself a larger margin for premium than the actual average market price for gold warrants; and this in the aggregate amounts to many millions of dollars additional burden on the consumer. But the fact remains the same. We certainly deal now in two distinct kinds of money, one called gold and another greenbacks. If, therefore, the silver currency is to take the place of the present paper currency, it would then simply become a question of premium on gold payable in silver. And as I before said, if the silver dollar was, for instance, to weigh 412½ grain fine silver, the fluctuation would certainly be less, and decidedly of a more favorable nature than the present fluctuation in irredeemable paper. And the trade and commerce of the country would be less violently shaken than if a single standard only should at once take its place—that is to say, the transition would be less severely felt.

The next thing to consider is, What reasonable danger does exist in the fluctuation of silver if adopted as a second standard for money? This question I shall have much pleasure in discussing in my next article.

J. S. MOORE.

New York, October 23, 1876.

LETTER 6.

CAUSES OF THE FLUCTUATION IN SILVER.—SILVER A FIT METAL FOR MONEY.—THE GREAT DEMAND FOR THIS METAL IN INDIA.—REASONS FOR THE DEMAND, AND WHY LITTLE IS EXPORTED FROM INDIA.

To the Editors of the Evening Post.

I have promised to consider the fluctuations in the price of silver.

This metal exercises a strange charm over the human race.

The countries that have demonetized silver still look with favor on it. Those that use it for a medium of trade lovingly foster it, and those, like ourselves, who deal in paper money are not only not adverse to it, but the majority long for it.

A western Solon very pathetically said to me in Washington last June: "I cannot go back to my people and make them believe that a hard silver dollar is not good money."

This observation struck me as very forcible indeed, and I am sure there is but a small minority in the world who maintain that silver is unfit for money purposes. It may not suit or be of advantage to single countries, like England, for instance, to use it as a legal tender, but to discard the precious metal silver entirely as a medium called money is perfectly absurd. But the first question which arises is, Will this metal, or can this metal, not be supplied in such large quantities as will reduce its value to the standard of baser metals?

Now, enormous as the supply, especially during the last ten years, has been, it is certain that the yield all over the world has not exceeded $76,300,000 in a single year, while the experience of three or four thousand years has proven that in no instance has either silver or gold been found in such large quantities in a mine as copper or tin. I leave lead and iron out of the question. Nor does the most extravagant expectation warrant such a proposition. Gold and silver therefore are found always in limited quantity. I do not propose to go into the cost of mining the metal, I only wish to treat of the quantity. It certainly is perfectly fair to call into consideration one undeniable fact, which is that the yield of gold and silver, as well as other original metals and coals, is only a question of time. It has, for instance, been calculated that the coal in Great Britain will be entirely consumed in some say five hundred years, others say more and others less. But one thing is certain, that the entire disappearance of coal from Great Britain is only a question of time, and no earthly power can ever replace it. Now, every ounce of silver that is mined can never be replaced or grown. There will be more on the surface, but always less in the bowels of the earth; and daily there is a loss in silver used in the arts and manufactures, as well as by aberration in coin. It is true there may be prolific silver mines in Patagonia or in Alaska, but they

are unknown at present, and we can only speculate on the yield from those mines that are already known. Well then, until within the year 1876, the silver yield was certainly not found to be too enormous, as we have it as a statistical fact that from 1848 to 1872 the fluctuation was from $59\frac{1}{2}$ pence per ounce in 1848 to $60\frac{1}{18}$ in 1872. In the single year 1859 it reached the high price of $62\frac{1}{18}$ pence. From 1872 to within the beginning of 1876 silver fell from $60\frac{5}{8}$ to about 57 pence, a depreciation of about $5\frac{1}{2}$ per centum from the high price of $60\frac{5}{8}$ pence. During the present year the fluctuations have certainly been very violent, especially during the last six months ; at one time silver was quoted as low as 47 pence. But it has since fluctuated between 50 and 53 pence.

Some reasons for the fall of silver have already been given in these letters, but the chief reason for its late violent fluctuation is decidedly found in the fact of a less demand for silver for the present in India, and that avenue of demand being partially stopped by the drawings of the India Council as well as in the fall of exchange, which gave more rupees to sterling gold money, as also to the sudden supply of the silver to Germany.

It may be interesting to notice how the drawings of the India Council during the last six years were distributed in amount. I quote from the table of Mr. Purdy's "City Life," London, 1875:

DRAWINGS BY THE INDIA COUNCIL.

1870	£8,918,500	1873	£14,835,100
1871	9,800,000	1874	11,050,000
1872	13,952,500	1875	16,300,000

Now comes the most interesting of all deductions. From 1870 to 1872, inclusive, the value of silver only fluctuated one fourth of one penny, and the rupee exchange on India was about 1 shilling 11 pence. During those three years one million pounds sterling purchased from the India Council 10,434,782 rupees. In 1873 silver fell to $59\frac{1}{4}$ pence, and the exchange in average was 1 shilling 10 pence per rupee. One million pounds, therefore, purchased from the India Council 10,909,090 rupees. In 1875 silver fell to $56\frac{7}{8}$ pence, and exchange per rupee on India fell to an average of 1 shilling 9 pence. One million

pounds sterling, therefore, purchased of the India Council that year 11,428,571 rupees. While during the present year the rupee exchange fell during some months as low as 1 shilling $7\frac{1}{2}$ pence, one million pounds will purchase 12,307,680 rupees. Thus it will be seen that one million sterling did purchase during some months in 1876 1,872,898 rupees more than in 1870–72, and it naturally follows that a drawing of £12,000,000 in 1876 would, on account of the fall of exchange, place in India at least some 18,000,000 more rupees than otherwise would have had to be sent there in silver. But, on the other hand, a rise of only ten per centum in value of Indian products, which are at present, without exception, at their lowest ebb as compared during fifteen years, would in a great degree counteract the adverse influence that the drawing of the India Council in London on India has.

It is a patent fact that the Council has been drawing these large amounts on India for years past; yet we find its influence only felt since 1873, and culminating in 1876, the very four years when India produce has fallen lower and lower in price. The rise in the value of only £5,000,000 in India produce, which is less than ten per centum on the exports, would at once create a demand of $25,000,000 more silver for that market; and as the export of raw material from India, such as cotton, hemp, indigo, jute, dyestuffs and drugs, breadstuffs, as well as hundreds of other articles, is steadily increasing in quantity, it is only a question of higher prices, which would at once create a demand for silver. The immense increase in imports to England of India produce, independent of cotton, may be seen from the following tables:

	Imports from India. Nine Months ended September 30.		
Chief Articles.	1874.	1875.	1876.
Wheat, cwt.	1,009,000	460,000	2,100,000
Hides.	268,000	280,000	242,000
Flax and linseed, qrs.	284,000	459,000	917,000
Tea, lb.	12,420,000	17,711,000	18,521,000
Wool, lb.	15,267,000	17,239,000	19,415,000

In the violent agitations of late on the silver question, the most extravagant idea has been advanced, viz: for India to demonetize silver and take to the gold standard. I really think it would be easier to make Christians of all the Hindoos than to deprive them

of the most sacred of all idols, a silver rupee. The idea is so absurd that it is not worth while to waste an argument of the why and wherefore on it. But what is more to the point is, Will India be as eager for silver in future as she has been in the past? And also, What has become of that incalculable amount of silver that has poured in for thousands of years and hardly ever gone out?

The three hundred millions of natives in the whole of India may, for their thriftiness and saving habits, be termed the semi-civilized French of Asia. The love of saving nnd hoarding money, and that in silver, is the greatest passion of the Indian people. The difference between the French and Hindoos is that the Frenchman will put his gold, silver or bank notes in stockings, and lock it up in a trunk, while the Hindoo will either hoard his rupees in the ground or turn them into silver bangles and other ornaments and hoard them. It is a common saying in India that there is more silver in rupees and ornaments hid in the ground than there is visible on the top of the ground; and this will no doubt in a great measure explain why India has not been overflooded with silver long ago. Western India, now for a hundred years under British rule, might reasonably be supposed to feel that life and property are safe. But stern facts prove that, if we except the great cities on the coast, such Kurachee, Bombay, Madras aud Calcutta, in all the rest of India the natives hoard silver in the ground. Nor do I think that this vice or passion for hoarding will be eradicated as long as the Hindoo race remain heathens, naturally timid and addicted most stubbornly to castes. The Hindoo cannot be made to understand that all governments do not mean oppression, and that squeezing is not the ultimate aim of ruling. Unfortunate as such a state of things may be, it is, however, an established fact, and there is hardly any reasonable doubt that of the enormous amount of silver that has gone to India, half of it is hoarded under ground.

This ostrich silver policy of India is nevertheless a very important part in the absorbing power of silver, and India will for many years be as steady and faithful a customer for silver as England is for American cotton. To this fact must be added another very important feature, viz: The railroads and irriga-

tions in India thus far have proven upon the whole a very safe and fair investment. But the works already finished are simply a nucleus to what is to follow. True, during the last few years a halt in the works has taken place, as always happens when a country makes projects too gigantic. But during the next generation public works, such as thousands of miles of branch railroads to feed the great trunk lines, and, above all, irrigation works amounting to thousands of millions of dollars, will be carried on. This capital must chiefly come from Europe, and, as the balance of trade is already immensely in favor of India, a hard silver stream must follow from Europe to accomplish these great undertaking. Such an event would speedily counteract the drawings of the India Council and make the price of silver stable, simply on account of the immense demand. As to China, that great absorber of silver, with its 400,000,000 of population, if to her present enormous exports, which it requires silver to purchase, railway works are to be added (and they will be, to a certainty, sooner or later), will not the demand for silver increase? Neither China nor India can have a gold currency, becanse the people are naturally adverse to it. Thus, then, with these two customers for silver alone—to say nothing of the demand for silver in the Straits, Singapore, Manilla and Java—I cannot conceive that the world need be much alarmed about the depreciation in silver. It should also not be forgotten that the Quadripartite Convention of the Latin races in Europe have at present limited the silver legal tender coinage because silver has fallen, and has no longer the comparative value of 15½ to one. But whenever silver reaches sixty pence per ounce, the demand for silver will set in to supply France, Belgium, Switzerland and Italy, and add another great and important customer for it. The absorption of $500,000,000 or $600,000,000 in the United States, should we adopt silver as a second standard, would in itself have the tendency of relieving Europe, or rather Germany, of her surplus silver, by transferring it to a permanent home in the United States, and then the supply of the mines would have to deal with the legitimate demand, and not be hampered by the unforeseen enormous temporary supply caused by the demonetizing of silver in Germany and Scandinavia.

For these reasons I respectfully conclude that there need be

no fear that in the event of our making silver a second standard of money such money is liable to depreciate to any violent degree. On the contrary, it can be reasonably assumed that the value of silver would appreciate, and that our currency would be steadily improving. But as it may disarrange trade and values if the appreciation of silver should, as in 1859 and in other years, overstep the relative value of gold—that is to say, if the 412½ grain dollar should be worth, for instance, $1.03 in gold—our silver dollars no doubt would, by the law of trade, be replaced by gold dollars intrinsically worth only 100 cents; and as gold will be made to have the option to be always a legal tender, however high silver may rise, it would follow that during such periods gold would be the predominant currency of the country.

J. S. MOORE.

New York, October 24, 1876.

LETTER 7.

OBJECTIONS TO MAKE SILVER A LEGAL TENDER AS LONG AS PAPER MONEY IS LEGAL TENDER.

To the Editors of the Evening Post.

The third resolution of the Act of the 15th of August, 1876 which created the Silver Commission, reads as follows:

"[Inquire] into the policy of continuing legal tender notes concurrently with the metallic standards, and the effects thereof upon the labor, industries and wealth of the country."

I suppose that there can be no doubt that the question means, What effect would three distinct standards of value have on the labor, industry and wealth of the country? The resolution says "metallic standards," which naturally means the two metals, gold and silver, while the legal tender notes are to continue as an irredeemable money. No other explanation can possibly be given of this resolution, because, if legal tender notes are made convertible into gold or silver they represent the metallic standards, and virtually become gold and silver. Hence, the Commis-

sion is directed to report what would happen if we had a gold and a silver standard, and, in addition thereto, the legal tender notes, which would remain irredeemable.

In order to place ourselves in such a situation all we would have to do would be to make a silver dollar either of 412½ grains or less weight a legal tender, and give the borrower the option to pay debts either in silver dollars or in irredeemable legal tender notes.

The confusion that would follow such a monetary system is beyond calculation. Suppose such a law was in force at the present moment, what would be the value of a dollar in gold, in silver and in legal tender notes?

First—The gold dollar would be *de facto* and *de jure* the real standard dollar, and, of course, would be worth a dollar.

Second—The premium on gold to-day being 110, a greenback dollar would be worth 90@91 cents in gold.

Third—The silver dollar of 412½ grains would have to be measured by the price of silver, and as silver is worth 53 pence in London, the silver dollar weighing 412½ grains would be worth 93½ in gold, and consequently as gold is at 110 premium, 102·43 cents in greenbacks. The consequence would be that abor, as well as debts, would this day be paid in the cheapest, currency, that is, greenbacks, and not in silver or gold.

But if silver should fall next week to 50 pence an ounce, and the premiums on gold still remain at 110, a silver dollar would be worth, as near as possible, 88 cents in gold, and only 96·80 cents in greenbacks, and debts and labor would then be paid in silver. Again, if silver remains at 53 pence per ounce, and the gold premium goes down 3 per centum, to 107, a silver dollar would be worth 99·63 cents in greenbacks, and silver and greenbacks would be about even. But the confusion would always be greater between the irredeemable currency called legal tender notes and the silver currency, as gold goes up or down; and labor, above all things, not having the choice, would invariably be paid in that currency which was the cheapest, and, as a matter of course, would command the lesser purchasing power for commodities. If an irredeemable dollar, either a government promise or one made of a cowry shell, had the same purchasing power as a gold dollar, no one in his senses would clamor for gold.

But is it not a perfectly patent fact that $100 in gold, or ten gold eagles, will purchase every conceivable article, will pay for every conceivable kind of labor, and pay every conceivable debt for which eleven ten dollar legal tender notes, or $110 in paper, are now required?

The great object of currency, therefore, must be that the value indicated on its face, or the represented value, should have the same purchasing power; that the money it calls for is supposed to be the best standard. If the object of continuing the legal tender notes concurrently with the metallic standards is more money, regardless of its current value, measured, as it always must be, by the great standard of gold, then the very best money to have is an unlimited irredeemable paper currency. But if the desire of this great nation is for a better currency—a currency which will fluctuate less and come nearer to the purchasing power of gold, a silver currency, or rather a paper currency, redeemable at all times in silver, circulating concurrently with the other metallic standard, gold, would certainly not only be in accordance with the wisest policy, but also the most beneficial to industry and labor, as naturally it would have a higher purchasing power than irredeemable legal tender notes.

If silver is to be monetized, or rather if notes redeemable in silver are once more to circulate in the United States, legal tender notes must cease to exist. No country, especially a great commercial country, could prosper under four different standards of money, namely, gold, silver, irredeemable paper and subsidiary coin.

Such a monetary policy would bring this country on a level with China, where the money consists of Sycee silver, of Mexican dollars, of chop dollars and of copper cash. Now, the China merchant knows well enough that Sycee silver has a fractional advantage in its purchasing power over dollars. Clean or new dollars have a greater purchasing power than chop dollars, and all three currencies have an immensely greater purchasing power than the debased currency of the country known as "cash."

By this time it is pretty well understood all over the country that not the quantity of our money requires increasing, but that the quality needs bettering and stability. Eleven years of profound peace have, unfortunately, failed to solve the problem, but

they have at least had the effect of pointing out the dangers which a nation should avoid.

J. S. MOORE.

New York, October 25, 1876.

LETTER 8.

WHY A SILVER DOLLAR SHOULD NOT BE THE REDEEMER OF THE PAPER CURRENCY, OR BE USED IN THE PAYMENT OF THE INTEREST ON BONDS.—THE THEORY TO RELIEVE THE DEBTOR CLASSES EXPLODED.

To the Editors of the Evening Post.

The fourth and last resolution of the Act of Congress which created the Silver Commission reads:

"[Inquire] into the best means for providing for facilitating the resumption of specie payments."

I suppose it is well understood that one of the objects of the friends of a silver currency is the payment of the greenbacks in silver dollars—of either 412½ grains fine silver, which was the legal silver dollar up to the date of demonetizing silver, or in a 408 grain fine silver dollar, as advocated by Senator Jones in his celebrated speech in the Senate. Either of these propositions would place this great commercial country in a false position, and injure the good name and credit of the country.

The present position of our monetary system is so simple that a short statement of facts will throw full light on it.

The United States bonds are an interest-paying debt; the greenbacks are a non-interest paying debt. Both solemnly promise to pay the face value, as well as the interest of the bonds, in dollars. Some of the late bonds expressly state in coin; but all of the indebtedness promises dollars. A greenback reads on its face: The United States will pay the bearer one, five, ten, or one hundred dollars. When these greenbacks were created a dollar meant either one dollar in gold, or a dollar in silver—412½ grains fine. No other dollar could possibly be

meant. Until 1873, before silver was demonetized, it would have been as just, as it would have been equitable, to redeem in 412½ grains of silver a greenback dollar. But Congress saw fit to demonetize these silver dollars in 1873. At the time when the silver dollar was demonetized silver sold at 59¼ pence per ounce, and a 412½ grain silver dollar was worth a premium in gold. Hence, if the treasury had been able to redeem greenbacks in specie in 1873, it would have done so in gold dollars worth just 100 cents, and not in 412½ grains fine silver, which was worth more than $1. It is therefore perfectly obvious that the Act of Congress to demonetize silver dollars was in its favor—that is to say, it got rid of a legal silver dollar, which was actually selling from 1 to 2 per centum more than a gold dollar, and the redemption of legal tender notes in dollars could from that date only mean gold dollars.

Now, suppose that silver had remained at 59¼ pence per ounce, or even that it had gone higher, no one, I suppose, would have asked the United States government to enact a law to redeem greenbacks in 412½ grain silver, and thus pay virtually more than the face value of a note called for. But, on the other hand, silver having fallen to 53 pence (and it has been much lower), a 412½ grain fine silver dollar being worth 91½c. in gold, Congress is asked to monetize silver for the sole purpose of paying 91½c. in gold value for 100c. promise it made to pay on the paper dollar.

Put it in any way, in any shape you may, such an act only means paying old debts in less amounts than agreed upon.

It may perhaps with much justice be said that if America requires, buys and holds $400,000,000 or $500,000,000 of silver, a 412½ grain fine silver dollar may be fully worth 100 cents gold again, nay, it may even go to 102½ cents again; but that would not alter the equity and strict justice of the question. From the day that the act was passed to demonetize silver (it may have been a very impolitic act), from that day, if the United States government intends to keep its high reputation for financial honor, it cannot possibly employ any other money in the payment of its bonds, interest and the redemption of the greenbacks than that sole metal standard left in this country and called money—gold.

As for reducing the old silver dollar from 412½ grains to 408, that only means in a still further degree paying less for the greenbacks in gold.

As a plausible reason for paying greenbacks off in cheaper currency than they call for, or, in other words, for depreciating their value, there is the old cry of the debtor classes.

It is urged that inasmuch as all commodities, real estate, etc., for which debts have been incurred, have depreciated perhaps 20 per centum on the average during the last three years, it is but just that the money of the country should be depreciated equally in order to balance the depreciation of the commodities for which notes of indebtedness are held. In other words it means this: If a greenback is depreciated it takes more greenbacks to buy commodities, and therefore inflates prices; while, on the other hand, it only takes exactly the number of greenbacks an indebtedness calls for to pay it, whether a greenback is worth one hundred cents gold or only seventy cents gold. Therefore it is maintained that in this way the distress of the country would be relieved, and prices for all commodities and real estate would advance.

Well, then, if this theory is correct—and it may be so for the time being—one thing would certainly follow, that all indebtedness incurred from and after such a happy event would be on the elated prices again, because the greenback representing $1, when its actual value is only seventy or eighty cents, would naturally have to inflate prices twenty or thirty cents.

Would not, therefore, the same thing happen again in four or five years? Would not the debtor classes again have the same reason, and say we went into debt when prices were high? Now everything is low. Give us another dose of relief.

But this much sympathy with the debtor classes is, after all, a mere philanthropic chimera. The debtor classes at present—I allude to that vast number who held real estate, manufactories, etc., and who have been in debt since the close of the war—are pretty well an extinct race, and those that remain are an insignificant number. Since the September panic of 1873 no less than one thousand millions of dollars of indebtedness in one shape or other has gone into liquidation, and since that period the indebtedness has been small and of a more substantial na-

ture. As well might we try to make corpses drunk as to try to stimulate the old debtor classes. They are long since beyond the power of stimulating.

The attempt to redeem the greenback in a currency that represents less than the value of its denomination means a debasement of the currency. It is an old remedy often enough resorted to by absolute potentates when they needed money to go to war with, and is as old as the early Crusades. But history records that it has always left a full crop of misery and wretchedness behind it.

There are but two ways of redeeming the greenbacks—either in gold dollars, or by funding them into United States interest-paying bonds.

Now, I respectfully disagree with those who think it very easy to get a sufficient amount of gold in the treasury or redeem with safety the greenbacks. The effort will be found to be full of complications and danger. But I do believe if the government was to allow greenbacks to be funded in a four and a half per centum bond, and to provide that such greenbacks, once funded, should be forever destroyed, that, first of all, an immense amount of greenbacks would be funded, and, in the next place, that those-remaining would nearly, if not fully, appreciate to the gold value; and as that process might be carried on gradually, it would follow that even the great spectre of contraction need not be so much feared, as in case an agreement is made to have a 412½ grain silver dollar circulate, the new silver currency would, in a great measure, relieve the inconvenience of contraction.

But it would be as unwise as it would be politically dishonest to create by an Act of Congress a special currency, and that currency a depreciated one, to pay the solemn obligation of a great nation.

J. S. MOORE.

New York, November 6, 1876.

LETTER 9.

OBSERVATIONS ON THE BLAND SILVER BILL WHICH PASSED THE HOUSE.—THE FLUCTUATION IN SILVER DEMONSTRATED.

To the Editors of the Evening Post.

There is not the slightest reason for alarm that the passage of the Bland Silver Bill through the House of Representatives can become the law of the land in the shape it is now. In order to understand his bill properly the wording must be analyzed The bill reads:

" authorizing the coining of a standard silver dollar, and restoring its legal tender character.

"That there shall be, from time to time, coined at the mints of the United States silver dollars of the weight of 412½ grains of standard silver to the dollar, as provided for in the Act of January 18, 1837; and that said dollar shall be a legal tender for all debts, public and private, except where the payment of gold coin is required by law."

Thus a 412½ grain silver dollar would have to be taken in unlimited amounts in the Custom House because duties are payable in coin. The interest on nearly all the bonds up to 1873, and the bonds themselves, are payable in coin, or, as this bill has it, silver dollars. Now, the Senate can never agree to a policy which would prove a financial equivocation.

For instance, the present price of silver is already equal to sixteen to one, and perhaps before the week is ended a 412½ grain silver dollar will be fully at par with gold. Could this standard remain fixed, no actual financial harm would be done. But the trouble is that silver will vary, and no doubt will go higher, and a 412½ grain silver dollar will be worth a premium of from 1 to 2 per centum as compared with gold. In that case the Bland bill, if enacted, will be a perfect dead letter, as no one will pay duties in a coin that is 2 per centum premium, nor will government pay interest in silver coin.

On the other hand, a metal like silver, which has fluctuated

within less than two months something like eleven per centum, may naturally fluctuate to same degree in the future; and if the price of silver should be, for instance, fifty-seven pence an ounce, our new silver dollar will of course be some four per centum below the par value of a gold dollar, and the duties would be paid in the silver coin of less value, while the interest on the bonds would also be paid in a depreciated currency.

Now, a great commercial nation, whose financial system rests upon the rock of faith and honor, can no more afford to adopt such an equivocal financial policy than an archbishop could afford to enrich himself by taking tithes out of the funds of the charity boxes; as it must be evident to every thinking person that, while advantage could and would be taken of people to whom interest money was due, they would be deprived of the advantage of getting their pay in silver dollars when that coin was at a premium.

The report of the Silver Commission will no doubt show that, while a considerable number of witnesses examined were in favor of a bi-metallic standard, they were opposed to the payment of the interest in silver coin, and also to the reception of silver for customs duties.

A silver dollar currency is by no means so very objectionable for the internal commerce and traffic of this country; but it is decidedly objectionable in two instances: First, in the payment of interest and duties; and, second, in the redemption of the greenback. The paper money of this country should be redeemed either in gold coin, or, as that, in my opinion, is extremely improbable, it ought to be funded in an interest-paying bond, while a new silver currency of a 412½ grain dollar could very well succeed the once and forever funded greenbacks.

That silver has gone up in price cannot be much wondered at. The causes have been foreseen, and it was not very difficult to foresee them. During the last two months the causes that made silver rise in value were as follows:

First—The German Empire refused to sell silver at the panic price prevailing.

Second—The India Council in London somewhat curtailed their drawings on India.

Third—Some of the East India produce, particularly saltpetre and cotton, have advanced in price in London.

Fourth—It has been discovered that the production of silver in Nevada was grossly overrated. It seems that the good people of California, in order to give their mines an exaggerated value, made the world believe that certain mines had an inexhaustible amount of silver in them. The Goschen Committee fell into a perfect trap, and, in order to show the trap they fell into, I here quote from a San Francisco letter published in the London *Times* of November 24th, which said:

"There is no doubt that the report of Mr. Goschen's Committee has been of very great service in bringing together an immense mass of facts regarding silver, gold and the foreign exchanges, and the information presented will be of the utmost benefit all over the world. Yet on the main cause of the depreciation as described in the report—'the discovery of new silver mines of great richness in the State of Nevada'—the estimate for the year 1876 is exceedingly wide of the mark. Nothing could show more conclusively how untrustworthy the statistics of government officials frequently are, and how mischievous their miscalculations may be, than the present case. The estimated production of silver in the United States for 1876 was $50,000,000; whereas the best authorities here, with the figures to the end of September before them, estimate the amount for the year at $28,000,000. In my letter in the *Times*, of August 29, I stated that the year's production would be between $25,000,000 and $30,000,000. The total yield will be about 24,000,000 ounces of fine silver, this being the most accurate form of estimating, as the price during the year has been subject to considerable fluctuations."

This statement, no doubt a correct one, opened the eyes of the silver alarmists.

I further suspect that Russia has of late been a customer for silver.

Thus, then, the supply of silver having visibly fallen off, and the demand having somewhat increased, the price of silver has gone up, nor is there any immediate danger of silver going down to panic prices.

The most amusing part of the Silver Bill is that when it was first conceived, silver was very low, and a 412½-grain dollar was only worth some 85 to 88 cents, while on the very day of the

passage of the bill through the House of Representatives, a $412\frac{1}{2}$ grain dollar was worth nearly par in gold.

I suppose it is hopeless to point out to the lawmakers that there is a higher law than even Congress can enact—the law of supply and demand. That great law laughs at all arbitrary rules or regulations.

J. S. MOORE.

New York, December 14, 1876.

LETTER 10.

FLUCTUATION OF SILVER.—FURTHER DEMONSTATION.

To the Editors of the Evening Post.

It has often happened, when this country's attention was absorbed by one great political question, that the most unfortunate acts have been passed by Congress. Such were, for instance, the many oppressive tariff acts during the war. I, therefore, do not wonder that the silver bill was passed pell mell through the House of Representatives in order to make more room for the one great question at issue. But if the Senate or the people in general can find time to give attention to the Bland-Kelley bill, they ought to see that there is extreme danger in it. Now I again repeat, and as my testimony before the Silver Commission will prove, that I consider a silver dollar currency beneficial for this country, provided the greenbacks were funded, and, above all, that silver money is not to be used for the payment of interest on the public debt, and, consequently, taken for duties. Let me prove to the community in the shortest possible way why silver money is unfit for this purpose.

On the 13th instant, when the Silver Bill passed the House, silver was selling in London for $57\frac{3}{4}$ pence. On the 14th, when I wrote my latest letter on the subject, it sold for $58\frac{1}{4}$ pence. To-day, the 18th, the price of silver in London is 57 pence. It therefore fell in four days $2\frac{1}{2}$ per centum. Now, I ask any reasonable man whether a money that can fluctuate $2\frac{1}{2}$ per centum in four days is the best money in which a great financial nation

should have the option—or perhaps have no other option—to pay the interest on its bonded debt? Is it possible that this great commercial country can afford to be placed in such a false position?

I have not the slightest doubt that silver will go to 58 or even to 60 pence again; but I have, on the other hand, no reasonable assurance that it will not fall to 54 or 53 pence. I can perfectly well understand the cause of the present fall of silver during the last four days, and it will in time be found to be true, namely: Germany had ceased to sell silver at panic prices. I have even seen a cable telegram saying that Germany would not sell silver under 55 pence. There came lately a heavy demand for silver from India. Let the following statement from the London *Times*, of December 1, testify:

"The Peninsular and Oriental steamer Bokhara, sailing for the East this afternoon, takes £826,720. The chief part of this (£618,000) is in silver for Bombay and Calcutta, and £160,000 in dollars for China and the Straits."

Thus it seems that £778,000, or nearly $4,000,000 in silver, left England in one day on the 1st of December. Exchange for rupees was quoted at 1*s.* 9 7-17*d.* in Bombay, and the dollars in Hong Kong were 4*s.* 2½*d.* per dollar. No wonder, then, that silver went up to 58¼ pence per ounce, as at that price even it would pay to ship silver to Bombay and get bills back at 1*s.* 9½*d.* per rupee; but, in the meantime, I dare say that Germany was not asleep. That empire has £69,000,000 of silver to dispose of, and it must have poured into London a goodly supply to secure the higher price; but no sooner was this supply felt, which undoubtedly overtopped the demand, when, as we see, the price fell from 58¼ to 57 pence in four days; and I do not doubt that the onward higher price for silver will be temporarily checked.

I can only once more repeat that, however advantageous it may be to have silver dollars for our internal trade, it is absolutely dangerous to the commercial and financial interests of this country to make it an agent to pay the interest on the debt, owing solely to its fluctuating propensities. That interest ought to be paid in a money that, like Cæsar's wife, is above suspicion.

J. S. MOORE.

New York, December 18, 1876.